652 *Mortgage Credit.* In all three countries the Government took steps shortly after the War to provide machinery for granting mortgage loans to farmers and others. The proceeds of the loans were used largely for purchases of stock, plant, and agricultural machinery, and for the reconstruction of buildings destroyed in the War. The Latvian Government established a State Land Bank in 1922 to grant mortgages on agricultural land, and two years later a State Mortgage Bank for financing similar requirements in urban districts. In Estonia the State also formed a Land Bank in 1926 for issuing agricultural mortgage loans and, in 1928,[1] a National Mortgage Bank to take over certain long-term assets of the Central Bank; the new institution also made long-term loans not only to farmers but to industrialists, ship-owners, and co-operative societies, and, for house-building, to private persons. The Lithuanian Government formed a Land Bank in 1924 for issuing mortgage loans to farmers. In all these cases the rate of interest charged was high compared with rates in Western Europe.

474 452 *Credit Co-operatives and Other Institutions.* The application of the co-operative system to agriculture and dairy farming led to a very considerable growth of co-operative credit institutions, especially in rural districts. The ground had been prepared before the War by the growth, chiefly since the beginning of the century, of mutual credit associations, and many of these were absorbed in the new credit co-operatives, though there still exists a substantial number of [652] mutual credit societies in the Baltic States. Though the number of institutions is large, the individual credit co-operative is small, but in Estonia and Lithuania means were provided for helping the smaller institutions, as well as the large, by the foundation with State assistance of a co-operative central bank. There is still a small number of municipal banks in Estonia and Latvia. These institutions originated in Tsarist days with the municipal banks, whose liabilities were guaranteed by the municipality.

456 *Insurance.* In Latvia the number of insurance concerns is large; there were in 1935 about 470[2] institutions, though most of these were small local businesses. Most of the larger risks insured relate to shipping and foreign trade. There is also a State insurance department which apparently competes with the ordinary commercial concerns.[3] Foreign insurance businesses are not allowed to operate in Latvia. There is a considerable insurance business in Estonia but less highly developed than in Latvia. That of Lithuania is still less developed, though foreign, chiefly German, capital here played some part during the period.

[1] See above, p. 133.
[2] D.O.T.: *Economic Conditions in Latvia, January 1935*, publ. 1935, p. 7.
[3] For later developments, see below, p. 185, footnote 3.